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2007 Legislative Session Begins With Busy Schedule

When legislators met December 7 and 8 to organize for the 2007 legislative session, they elected leaders and made assignments to standing committees. The following links will take you to the most current information, with new information or changes posted as they become available: [Senate Leadership](#); [House Leadership](#); [Senate Committees](#); [House Committees](#)

Key decisions made during the Organizational Session have set into motion a busy schedule for legislators early in January.

Wednesday, January 3: The Millennium Fund Committee will meet in the Joint Finance-Appropriations Committee Room (328) and conduct hearings in the morning and afternoon.

Thursday and Friday
January 4 and 5: The Economic Outlook and Revenue Projection Committee will meet in the JFAC Room (328), convening at noon Thursday and continuing all day on Friday.

Friday, January 5: The Change in Employee Compensation (CEC) Committee will hold hearings in the Gold Room (420) in the morning and afternoon.

Monday, January 8: A half-day "Law School for Legislators," intended for both new and returning legislators, will meet in the Gold Room (420) in the morning.

The First Regular Session of the 59th Idaho Legislature will convene at 12:00 p.m.

Governor Otter will deliver a combined State of the State and Budget Address at 1:00 p.m. in the House chamber.

Tuesday, January 9: A training session for committee chairs and vice chairs will be conducted in the Gold Room (420) in the morning.

Interim committee chairmen will report on their findings to leadership and Legislative Council in the afternoon, meeting in the JFAC Room (328).

Friday, January 12: Drop-in session for legislators in the Legislative Services Office basement conference room from 9:00 a.m. to 12:00 p.m. to ask questions or further explore issues related to administrative rules review.

The "Law School for Legislators" will consist of presentations on ethics, open meetings, public records, working with lobbyists and Idaho's Sunshine Law. In addition, Judge Steven Trott, U.S. Court of Appeals, will discuss the foundations of American law.

Staff Contact: Jeff Youtz

General Fund Budget Outlook

Revenues Maintain Momentum

FY 2007 revenue collections exceed Division of Financial Management projections by \$34.7 through the end of November and are trending \$13.8 million higher than the 10-year average. The General Fund cash balance at the beginning of FY 2007 was \$311 million, with the Legislature subsequently appropriating \$100 million to the Public Education Stabilization Fund, and an additional \$250.6 million to public schools during the special session held in August. In addition, the sales tax was increased to 6 percent, for an estimated increase of \$147.7 in revenue for FY 2007. If all supplemental requests are funded, the Budget and Policy Analysis Division estimates the beginning balance for FY 2008 will be \$225.6 million. Governor Otter will have a new revenue estimate for this year and for FY 2008, which will become public when he delivers his budget recommendation to the Legislature on January 8.

| Fiscal Year 2007 Estimate | |
|---|-------------------------|
| <u>REVENUES:</u> | <u>Request</u> |
| Beginning Balance | \$ 310,999,200 |
| Revised FY 2007 revenue estimate (9.5% increase) | 2,662,500,000 |
| Revenue collected through November over estimate | 34,660,000 |
| Plus water package repayments | 21,300,000 |
| Transfer to the Public Schools Facilities Fund | (25,000,000) |
| Transfer to Econ Recovery Fund (Econ Dev Package) | (23,864,200) |
| Transfer to the Public Ed Stabilization Fund | (10,000,000) |
| Transfer to the Permanent Bldg Fund | (21,000,000) |
| Transfer to Budget Stabilization Fund | (12,917,600) |
| HB1 transfer to Public Ed Stabilization Fund | (100,000,000) |
| Deficiency Warrants (Fires, pests, haz. mat) | (6,035,200) |
| Total Estimated Revenues | \$ 2,830,642,200 |
| <u>EXPENDITURES:</u> | |
| FY 2007 Original Appropriations | \$ 2,343,077,800 |
| Reappropriations | 10,844,000 |
| HB1 Additional to Public Schools | 250,645,700 |
| Supplemental Requests | 14,013,900 |
| Rescissions | (13,547,400) |
| Grand Total | \$ 2,605,034,000 |
| Estimated Ending Balance | \$ 225,608,200 |

FY 2008 Outlook

The table on page 3 lists the FY 2008 General Fund budget requests from state agencies and institutions. Most of these items are ongoing, with the exception of \$2.7 million for the rural initiative and \$10 million for the rural broadband development in the Department of Commerce and Labor. Pull up a chair on JFAC and put together your own state budget. The revenue targets to use in balancing the budget are approximated near the bottom of the table and are based on a 3 percent, a 4 percent and a 5 percent increase. There are also substantial requests for one-time general funds, including \$26.5 million for replacement capital outlay and capital projects requested by agencies over and above available funds in the Permanent Building Fund.

Fiscal Year 2008 General Fund Budget Requests

APPROPRIATIONS

FY 2007 Estimated Expenditures \$2,605,034,000

Removal of one-time expenditures (23,255,500)

FY 2008 Beginning Base \$2,581,778,500

Maintenance Costs:

Employer Benefits 17,966,200

Inflationary increases for operating expenses (1.81%) 15,831,500

Employee Compensation (3.5%) 21,710,600

Public Schools; statutory formula increases 36,483,700

Public Schools; 3.5% base salary increase 31,387,600

Medicaid cost, caseload, & utilization 33,852,700

Foster care payments & residential facilities 2,808,600

Higher education enrollment adjustment 154,700

Corrections; open CAP facility 8,944,700

Subtotal; Maintenance of Current Operations \$2,750,918,800

Other Budget Requests:

Public Schools; base salary increase 12,312,800

Public Schools; staff allowance increase 39,556,600

Public Schools; teacher training 11,250,000

Public Schools; technology 5,200,000

Colleges & Universities; salary competitiveness 11,812,400

Colleges & Universities; new programs 555,000

Colleges & Universities; occupancy costs 955,700

Colleges & Universities; infrastructure & maintenance 12,358,600

Community Colleges; nursing program expansion 307,300

Community Colleges; off campus outreach 1,300,300

Community Colleges; salary competitiveness 780,500

Special Programs; need-based scholarships 10,000,000

Corrections; correctional officer overtime 1,627,100

Corrections; mental health treatment 986,100

Corrections; drug court parole officers 458,300

Corrections; drug & alcohol treatment staff 529,000

Corrections; dietary enhancements 512,900

Idaho State Police; alcohol beverage control officers 671,100

Agriculture; Eurasian water milfoil eradication 4,000,000

Commerce & Labor; rural broadband development 10,000,000

Commerce & Labor; rural initiative program 3,600,000

Commerce & Labor; technology development 2,000,000

Health & Welfare; MMIS procurement 1,636,000

Health & Welfare; substance abuse treatment 12,535,000

Health & Welfare; eligibility system EPICS 5,000,000

Health & Welfare; bio lab renovation 900,000

All other ongoing budgets requests 95,937,400

Grand Total: Ongoing Budget Requests \$2,997,700,900

Revenues:

Approximate ongoing revenues with a 3% increase \$2,853,600,000

Approximate ongoing revenues with a 4% increase 2,880,580,000

Approximate ongoing revenues with a 5% increase 2,907,550,000

Estimated one-time General Fund year-end balance \$225,608,200

Capitol Restoration/Relocation Continues on Schedule

The Capitol Restoration/Relocation Project continues on schedule. Jacobsen-Hunt was approved by the Capitol Commission and the Permanent Building Fund Advisory Council in early December as the Construction Manager At-Risk. Jacobsen-Hunt is also the construction manager for the restoration of the Utah State Capitol Building that is scheduled to be completed in November 2007. Hummel Architects and McAlvain Construction, both of Boise, have been selected as the design/build team and are well underway to meet target dates. Tourtellotte & Hummel were responsible for the original design of the Capitol Building that was completed in 1912.

McAlvain Construction has been selected to build the new underground wings, each of which will be approximately 50,000 square feet, as directed by legislation. Currently, four test wells are being bored on the Statehouse lawn to verify the water table levels, and all design and construction contracts are underway to meet the aggressive timeline. Excavation will be underway in just 90 days.

Relocation of Statehouse occupants is scheduled for April 2007, though the exact date will be determined based on the end date of the 2007 legislative session. The Legislative Branch will move to the Annex, as will most of the Legislative Services staff. The Legislative Audits Division will move to the J.R. Williams Building, as will the Attorney General. The Governor, Lieutenant Governor, Secretary of State and Treasurer will all move to the Borah Building, located at the corner of 8th and Bannock Streets.

Staff Contact: Robyn Davis

Division of Human Resources Issues Annual Compensation Report

During the 2006 session legislation was passed that changed the format and considerations regarding state employee compensation. Idaho Code § 67-5309A established the state's compensation philosophy; and Idaho Code § 67-5309C codified the following four components that must be included in funding recommendations from the Governor and the Division of Human Resources, as well as any resolutions passed by the Legislature:

- ▶ A recommendation for a market-related structure adjustment in order to maintain market competitiveness.
- ▶ A recommendation to address market-related inequities impacting specific occupational classes.
- ▶ A recommendation for a merit increase component to recognize and reward state employees.
- ▶ A recommendation for any changes to the makeup or design of the employee benefit package.

The Division of Human Resources released its annual Idaho State Employee Compensation Report on December 1. (See <http://www.dhr.idaho.gov/StateEmployees/Compensation/CECReport06.pdf>.) The findings indicated that base salaries are currently 15.6 percent behind market rates for similar positions. The report had a total of thirteen recommendations, four of which directly affect pay and benefits for fiscal year 2008. The division recommended the following pay and benefit adjustments:

- ▶ Provide funding that would allow for a pay structure move to 96% of market.
- ▶ Adopt a compensation distribution plan specific to agency needs using compa-ratio as a distribution tool. (*Compa-ratio is defined as a measure of actual pay compared to the midpoint of the pay range.*)
- ▶ Adopt a 10-year pay plan and allocate a 5.8 percent merit increase budget for the next fiscal year.
 - *This breaks down to 3.7 percent to keep up with the annual increase in the cost of labor and 2.1 percent to move towards catching salaries up with the market.*
 - *The cost for a 5.8 percent increase in employee compensation is approximately \$37 million General Fund and \$21.6 million dollars to dedicated and federal funds combined.*

No changes were recommended to the benefit package, but the division recommended an extensive review of the value of the state's benefit package compared to market.

Staff Contact: Amy Castro

Information Technology Staff Readies for Session

The Information Technology staff has been busy this interim making enhancements to the computer network. To improve reliability and enable disaster recovery, network servers have been virtualized across redundant hardware. The GroupWise email/calendaring program has been updated and new PDA synchronization services have been installed to integrate Palm, Windows and Blackberry handheld devices.

Laptop Updates

It is time once again for legislators to bring in their laptops to be updated for the upcoming legislative session. Shortly after the start of the session, the old wireless network will be disabled and non-updated laptop computers will not be able to connect. Legislators should bring their laptops into the Legislative Services Office at their earliest convenience so they can be updated and returned quickly. Legislators who haven't already done so should drop their laptops off as soon as they arrive for the session.

Computer Training Sessions

One-hour computer classes for legislators have been scheduled during the first two weeks of the legislative session. Classes will be held Monday through Thursday at 7:00 a.m. and 4:00 p.m. in the computer training room located in the west side of the basement of the J.R. Williams Building. Several different classes are offered covering a variety of topics and are intended for a wide range of skill levels. A class schedule will be sent to legislators prior to the session.

Staff Contact: Glenn Harris

Legislators should bring their laptops into the Legislative Services Office at their earliest convenience so they can be updated and returned quickly. Legislators who haven't already done so should drop their laptops off as soon as they arrive for the session.

Interim Committee Activities

Energy, Environment and Technology

The Energy, Environment and Technology Interim Committee met on November 15, 2006, in Post Falls. At the meeting the committee discussed both an outline for the state energy plan and some specific language regarding recommendations. The consultant is to have a draft plan ready by the first of the year. The state energy plan will contain recommendations, including substantive legislation recommended in the following areas: transportation fuels, natural gas used for heating and distribution, liquefied natural gas, siting generation and transmission, conservation and demand-side management, and generation involving renewables and conventional energy sources. The general areas in the state energy plan will coincide with the citizen and legislative subcommittees appointed during the legislative interim.

Staff Contact: Mike Nugent

Indian Affairs

The Idaho Council on Indian Affairs met December 5 at the Statehouse. Senator Mike Jorgenson, Chairman, welcomed new members Representative Bob Nonini and Governor's representative Paula Landon. Ms. Landon, Albertson's Inc., is the granddaughter of an American Indian. Also attending were Representative George Saylor; Coeur d'Alene Tribal Council Chairman Chief Allan, Council Vice-chair; Delbert Farmer, Fort Hall Business Council, representing the Shoshone-Bannock Tribes; Nez Perce Executive Committee Vice-chair Samuel Penny; Shoshone-Paiute Council Vice-chair Marvin Cota; and attorney Russ Westerberg, representing the Kootenai Tribe of Idaho.

Membership of interim committees, meeting minutes and the calendar of scheduled meetings are all available on the Legislature's web site:

[Interim Committees and Minutes](#)

[Legislative Calendar](#)

Senate President Pro Tem Robert Geddes was present as a guest. Pro Tem Geddes stated that he is pleased with the progress of the Council and the efforts of Council Chairman Jorgenson, describing him as a tough, but fair and honest, negotiator. Pro Tem Geddes commented that the Council is appropriately termed a "council" since it serves to exchange information in order to arrive at beneficial solutions.

House Speaker Lawrence Denney and Superintendent of Public Schools-elect Tom Luna were also guests at the meeting. Speaker Denny said he is pleased with the work of the Council.

Superintendent-elect Luna, whose great grandmother was a Pueblo Indian, served in the Bush administration and served on a committee that worked with the 32 tribal colleges across the land. Superintendent-elect Luna announced that he supports the creation of a staff-level position in the Department of Education for an Indian Education Coordinator. Representative Saylor moved and Chief Allan seconded that the Council draft a letter to the Joint Finance-Appropriations Committee recommending that the Indian Education Coordinator position be funded. The motion passed unanimously. Chairman Jorgenson urged the Idaho Tribes to solicit applications to fill that position from their members.

Matt Ellsworth, representing Governor Risch, reported that the Council's Fuels Tax Task Force had engaged in good faith, positive negotiations on the fuels tax issue, but was unable to complete those negotiations during the Governor's tenure. Chairman Jorgenson thanked the Governor for his efforts and announced that Governor-elect Butch Otter has agreed to continue with the negotiations and hopes for a quick resolution.

Dan Adams of the Langdon Group addressed the Council regarding proposed land exchanges between the state of Idaho, the Department of Defense and the Bureau of Land Management. The Langdon Group, a public policy and conflict resolution consulting organization, has been retained by the Department of Lands to interview interested parties to the proposed Orchard Tank Training Area land exchange.

Council members discussed action items to be addressed in the next year. These items include reviewing Public Law 83-280 regarding jurisdiction exercised by the state of Idaho on Indian reservations, support for the establishment and funding of the proposed Indian Education Coordinator position in the Department of Education, continued monitoring of the sensitive issue of tribal gaming, investigation of the recognition of trained tribal police officers under Idaho law, and efforts to mount a joint attack on the methamphetamine problem.

The Council, which agreed to meet monthly during the 2007 legislative session, will meet in January on a date to be announced.

Staff Contact: Paige Parker

Community Colleges

The sixth and final meeting of the Community College Interim Committee was held in Boise on November 10, 2006. The committee reviewed approximately 20 pieces of draft legislation for suggested changes to law or to state policy. Following considerable discussion, the committee voted to:

- ▶ Hold in committee the four drafts under consideration that would create a statewide community college system and that would add community colleges to the state system of postsecondary institutions.
- ▶ Recommend two drafts that reduce the majority required to approve formation of a community college district from a two-thirds majority to a 60 percent majority, and that require all elections regarding community colleges to be held on one of the four dates established in law.
- ▶ Recommend that the state adopt a policy that moves toward standardizing tuition costs and fees for professional-technical courses. The State Board of Education and the presidents of the colleges and universities are invited to submit recommendations to the Legislature describing how they would implement this policy over time.
- ▶ Recommend reducing the maximum levy allowed by law for maintenance and operation of a community college, from .16 percent of the market value for assessment purposes to .125 percent of the market value for assessment purposes.

- ▶ Recommend legislation that reduces the term of office of community college boards of trustees from six years to four years, and that ensures all trustees shall not be elected or reelected during the same election.
- ▶ Recommend establishing a procedure for dissolving a community college district. Add a provision that provides a continuing revenue source until all debt and lawful claims against the dissolved district are discharged, if the proceeds from sale and disposition of community college properties and assets are insufficient to discharge all such debt or claims.
- ▶ Recommend legislation to extend eligibility for application to the Robert R. Lee Promise Scholarship Program to nontraditional students who do not matriculate in college immediately following high school graduation or who are 22 years of age or older.
- ▶ Recommend the state develop a policy and a program that expands availability of needs-based scholarships in order to increase students' accessibility to a postsecondary education in Idaho.

Staff Contact: Maureen Ingram

Legislative Audits Report

The Legislative Audits Division has recently released audits for Health Districts I, III, V, VI and VII; Barley Commission; Racing Commission; Department of Agriculture; Idaho State Police; Idaho School for the Deaf and Blind; and State Brand Board.

The report for the Department of Agriculture includes three findings and recommendations. The first two concern the Soil Conservation Commission's loan program. The audit found that processes and applications were being duplicated, and there was a lack of documentation in the loan program. The report recommends streamlining processes and implementing procedures to ensure supporting documentation is provided. Additionally, rangeland development loans and grants were not being approved in accordance with the commission's policies. The report recommends that reconciliations be made and that loan applicants be apprised of any changes made.

The third finding dealt with the department's noncompliance with some laws and rules. Also, internal controls in small programs need to be improved. The report recommends segregation of accounting duties, that receipts be handled in the office in which they are received, and that procedures be put in place to ensure surety bonds meet Idaho Code expectations.

The department has addressed the last audit's eight findings and recommendations and those are now closed.

The fiscal year 2006 *Comprehensive Annual Financial Report (CAFR)* for the state of Idaho has been completed through the joint efforts of Legislative Audits and the State Controller's Office; report copies will be available soon through the Controller's Office.

Staff Contact: Rande Trueax

Staff Update

Legislative Audits Division Manager **Ray Ineck** is retiring at the end of December after a remarkable 35-year career serving the Idaho Legislature. **Don Berg** has been selected as the new Division Manager for Legislative Audits and will assume his new responsibilities on January 1, 2007. Don is an accounting graduate from Boise State University and a Certified Government Financial Manager. He brings a wealth of experience to his new position, having worked for the Idaho Legislature for more than 26 years in the Audit division in a variety of assignments, most recently as a Managing Auditor in charge of the audit team at the Department of Health and Welfare.

Staff Contact: Jeff Youtz

Proposed Administrative Rules

Education, Board of

08.02.03 Rules Governing Thoroughness

Fish and Game, Department of

13.01.09 Game Birds Proclamation/Waterfowl Brochure

Health and Welfare, Department of

16.02.02 Emergency Medical Services (EMS)
 16.03.05 Eligibility for Aid to Aged, Blind and Disabled
 16.03.09 Medicaid Basic Plan Benefits
 16.03.18 Medicaid Cost Sharing
 16.05.06 Mandatory Criminal History Checks - Repeal
 16.05.06 Criminal History/Background Checks - Rewrite

Medicine, Board of

22.01.05 Licensure of Physical Therapists and Assistants
 22.01.06 EMS Personnel

Occupational Licenses, Bureau of

24.03.01 State Board of Chiropractic Physicians
 24.13.01 Physical Therapy Licensure Board

Staff Contact: Charmi Arregui

Legislative Perspective

An Internet Newsletter —

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